



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
(213) 240-8101

January 20, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

PUBLIC HEALTH LABORATORY GENOTYPING PROJECT (All Districts) (3 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

Approve and instruct the Director of Health Services, or his designee, to sign Standard Agreement No. 04-35828 (Exhibit I) with the California Department of Health Services for the period of July 1, 2004 through June 30, 2007, at a fee-for-service reimbursement rate of \$400 per specimen, for a total County of Los Angeles allocation of \$500,000 per fiscal year or a maximum of \$1.5 million for the three year-period, to provide HIV Viral Resistance Testing (Genotyping Project) to eligible HIV infected clients, performed by the Department of Health Services Public Health Laboratory.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTION:

The funding from the California Department of Health Services (CDHS) will support the continuation of new laboratory technology that has greatly enhanced treatment outcomes for those patients who require state-of-the-art testing for HIV drug resistance. The goal of the CDHS contract is to supply needed funding to provide HIV Genotyping laboratory services to patients seen in publicly funded HIV/AIDS health care settings for whom these tests are not currently available due to lack of funding. This service represents a promising advancement in the management of HIV.

FISCAL IMPACT/FINANCING:

The total cost of the Genotyping Project is \$500,000 for each of the three fiscal years the Agreement is in effect, beginning with Fiscal Year (FY) 2004-05 through FY 2006-07, 100% offset by CDHS funds. Funding is included in the FY 2004-05 Adopted Budget and will be requested as a continuing appropriation in future fiscal years.

BOARD OF SUPERVISORS

Gloria Molina
First District

Yvonne Brathwaite Burke
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

For several years, the County has had Agreements with CDHS for HIV Genotyping laboratory services, but due to State funding problems, CDHS did not continue funding the Genotyping Project during FY 2003-04. However, in FY 2004-05, the State Legislature allocated funds to support the Project.

On October 26, 2004, CDHS issued Standard Agreement No. 04-35828, effective July 1, 2004 through June 30, 2007, in the amount of \$1,500,000. Funding for each of the three fiscal years is \$500,000.

In recognition of the enhanced treatment outcomes from the availability of HIV genotypic testing, the CDHS Office of AIDS has made this Genotyping Project grant award available to all counties in California, and to the Department of Health Services (DHS) Public Health Laboratory (PHL) as one of the principal approved laboratories in the State. The CDHS Office of AIDS is working with the DHS Office of AIDS Programs and Policy to ensure that genotype test vouchers are allocated to clinical providers that will ensure client needs and CDHS requirements are met. Following the voucher issuance, clinical providers submit vouchers with the client's specimen to DHS' PHL for testing and transmission of results and outcomes to the CDHS Viral and Rickettsial Disease Laboratory.

DHS' PHL will perform HIV-1 genotyping testing on specimens drawn from eligible HIV-1 infected individuals. Blood specimens will be drawn at designated clinical sites and transported to DHS' PHL for analysis to measure drug resistance utilizing a specific technology proprietary to Visible Genetics Incorporated.

The overall Genotyping program will be coordinated by the CDHS Viral and Rickettsial Disease Laboratory and is funded and administered by the CDHS Office of AIDS.

CDHS recognizes the need for this innovative technology and is providing limited funding and vouchers during FY 2004-05 at a rate of \$400 per test. An average of 1,250 tests are administered each fiscal year and submitted to DHS' PHL.

Existing County policy and procedures require timely submission of contracts for Board approval. However, this request was not scheduled for placement on the Board's agenda prior to its effective date because DHS did not receive the agreement from CDHS until late October 2004.

Attachment A provides additional information. Attachment B is the Grants Management Statement required for grant awards exceeding \$100,000. Attachment C is the Project Budget for the three-year period.

County Counsel has approved the State Standard Agreement (Exhibit I) as to form.

CONTRACTING PROCESS:

It is not appropriate to advertise grant awards on the Los Angeles County Online Web Site.

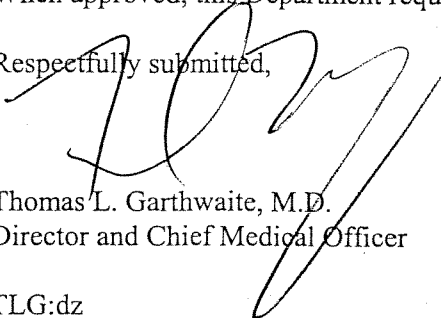
The Honorable Board of Supervisors
January 20, 2005
Page 3

IMPACT ON CURRENT SERVICES (OR PROJECTS):

The recommended Board actions will provide a valuable service and enhance treatment outcomes for eligible patients in Los Angeles County.

When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,



Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:dz

Attachments (3)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

BLETC3725.DZ

SUMMARY OF AGREEMENT1. Type of Service:

The Department of Health Services Public Health Laboratory (PHL) will perform HIV-1 resistance testing (genotyping testing) on specimens drawn from eligible HIV-1 infected individuals. Blood specimens will be drawn at designated clinical sites and transported to the PHL for analysis to measure drug resistance utilizing a specific technology proprietary to Visible Genetics Incorporated.

2. Agency Address and Contact Person:

California Department of Health Services
Office of AIDS - Early Intervention Section
MS 7700, P.O. Box 997426
Sacramento, California 95899-7426
Attention: Toni Post, Contract Monitor
Telephone: (916) 449-5970 Facsimile: (916) 449-5959

3. Term of CDHS Agreement:

July 1, 2004 through June 30, 2007

4. Financial Information:

	<u>7/1/04- 6/30/05</u>	<u>7/1/05- 6/30/06</u>	<u>7/1/06- 6/30/07</u>
Total Program Costs:	\$500,000	\$500,000	\$500,000
Less: CDHS Reimbursement	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>
Net County Cost:	\$ 0	\$ 0	\$ 0

5. Primary Geographic Area to be Served:

Countywide

6. Designated Accountable for Program Evaluation:

Robert Kim-Farley, M.D., M.P.H., Medical Director, Public Health

7. Approvals:

Public Health:	John F. Schunhoff, Ph.D., Chief of Operations
Contracts and Grants Division:	Cara O'Neill, Chief
County Counsel (as to form)	Robert E. Ragland, Senior Deputy County Counsel

**Los Angeles County Chief Administrative Office
Grant Management Statement for Grants Exceeding \$100,000**

Department: Health Services

Grant Project Title and Description

PUBLIC HEALTH LABORATORY GENOTYPING PROJECT - TO PROVIDE HIV VIRAL RESISTANCE TESTING (GENOTYPING PROJECT) TO ELIGIBLE HIV INFECTED CLIENTS.

Funding Agency

Program (Fed. Grant #/State Bill or Code #)

Grant Acceptance Deadline

CDHS

Viral Resistance Testing Contract No. 04-35828

Total Amount of Grant Funding: \$1,500,000

County Match Requirements 0

Grant Period: 7/1/04 - 6/30/07 Begin Date: 7-1-04

End Date: 6/30/07

Number of Personnel Hired Under this Grant: 3

Full Time 3 Part Time 0

Obligations Imposed on the County When the Grant Expires

Will all personnel hired for this program be informed this is a grant funded program? Yes X No

Will all personnel hired for this program be placed on temporary ("N") items? Yes X No

Is the County obligated to continue this program after the grant expires Yes No X

If the County is not obligated to continue this program after the grant expires, the Department will:

a). Absorb the program cost without reducing other services Yes No X

b). Identify other revenue sources Yes X No

(Describe) Some other grant funds may possibly be available through the Office of AIDS Programs & Policy.

c). Eliminate or reduce, as appropriate, positions/program costs funded by this grant. Yes X No

Impact of additional personnel on existing space: None

Other requirements not mentioned above None

Department Head Signature

Date

11/26/05

LOS ANGELES COUNTY - DEPARTMENT OF HEALTH SERVICES
PUBLIC HEALTH LABORATORY
STATE/OAPP GENOTYPING PROJECT
BUDGET
BUDGET PERIOD: 7/1/04 - 6/30/05

Description	# of FTE	FTE%	MONTHS	MONTHLY SALARY (7/04-12/04)	MONTHLY SALARY (1/02-6/05)	OAPP GENOTYPING PROJECT
I. PERSONNEL SERVICES						
PH Microbiologist II	2	100%	12	5,139.64	5,268.13	124,893
Laboratory Assistant	1	100%	12	2,415.00	2,475.38	29,342
Subtotal Salaries	3					\$154,236
Less: Salary Savings					3.0000%	(4,627)
Total Net Salaries						\$149,608
Employee Benefits @ 40.0700% of net salaries					40.0659%	59,942
TOTAL PERSONNEL						\$209,550
II. OPERATING EXPENSES						
Laboratory Reagents and Supplies						50,450
Other						240,000
TOTAL OPERATING EXPENSES						\$290,450
TOTAL PROJECT COSTS						\$500,000

NOTE:

- 1 State Genotyping Project: \$400 x 1,250 vouchers = \$500,000.
- 2 Budget for each line item is allocated based on the number of vouchers.

LOS ANGELES COUNTY - DEPARTMENT OF HEALTH SERVICES
PUBLIC HEALTH LABORATORY
STATE/OAPP GENOTYPING PROJECT
BUDGET
BUDGET PERIOD: 7/1/05 - 6/30/06

Description	# of FTE	FTE%	MONTHS	MONTHLY SALARY (7/04-12/04)	MONTHLY SALARY (1/02-6/05)	OAPP GENOTYPING PROJECT
I. PERSONNEL SERVICES						
PH Microbiologist II	2	100%	12	5,139.64	5,268.13	124,893
Laboratory Assistant	1	100%	12	2,415.00	2,475.38	29,342
Subtotal Salaries	3					\$154,236
Less: Salary Savings					3.0000%	(4,627)
Total Net Salaries						\$149,608
Employee Benefits @ 40.0700% of net salaries					40.0659%	59,942
TOTAL PERSONNEL						\$209,550
II. OPERATING EXPENSES						
Laboratory Reagents and Supplies						50,450
Other						240,000
TOTAL OPERATING EXPENSES						\$290,450
TOTAL PROJECT COSTS						\$500,000

NOTE:

- 1 State Genotyping Project: \$400 x 1,250 vouchers = \$500,000.
- 2 Budget for each line item is allocated based on the number of vouchers.

LOS ANGELES COUNTY - DEPARTMENT OF HEALTH SERVICES
PUBLIC HEALTH LABORATORY
STATE/OAPP GENOTYPING PROJECT
BUDGET
BUDGET PERIOD: 7/1/06 - 6/30/07

Description	# of FTE	FTE%	MONTHS	MONTHLY SALARY (7/04-12/04)	MONTHLY SALARY (1/02-6/05)	OAPP GENOTYPING PROJECT
I. PERSONNEL SERVICES						
PH Microbiologist II	2	100%	12	5,139.64	5,268.13	124,893
Laboratory Assistant	1	100%	12	2,415.00	2,475.38	29,342
Subtotal Salaries	3					\$154,236
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TOTAL PROJECT COSTS						\$500,000

NOTE:

- 1 State Genotyping Project: \$400 x 1,250 vouchers = \$500,000.
- 2 Budget for each line item is allocated based on the number of vouchers.

EXHIBIT I

REGISTRATION NUMBER

AGREEMENT NUMBER

04-35828

1. This Agreement is entered into between the State Agency and the Contractor named below:

(Also referred to as CDHS, DHS, or the State)

STATE AGENCY'S NAME

California Department of Health Services

CONTRACTOR'S NAME

County of Los Angeles

(Also referred to as Contractor)

2. The term of this Agreement is: July 1, 2004 through June 30, 2007

3. The maximum amount of this Agreement is: \$ 1,500,000
One Million, Five Hundred Thousand Dollars.

4. The parties agree to comply with the terms and conditions of the following exhibits, which are by this reference made a part of this Agreement.

Exhibit A – Scope of Work	3 pages
Exhibit B – Budget Detail and Payment Provisions	2 pages
Exhibit B, Attachment I – Invoice Format	1 page
Exhibit B, Attachment II – Phenotypic HIV-1 Resistance Test Voucher	1 page
Exhibit B, Attachment III – Genotypic HIV-1 Resistance Test Voucher	1 page
Exhibit C * – General Terms and Conditions	GTC 304
Exhibit D (S) – Special Terms and Conditions (Attached hereto as part of this agreement)	18 pages
Exhibit E – Additional Provisions	2 pages
Exhibit F – Contractor's Release	1 page

Items shown above with an Asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto.
These documents can be viewed at <http://www.ols.dgs.ca.gov/Standard+Language>.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR

CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.)

County of Los Angeles

BY (Authorized Signature)

DATE SIGNED (Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING

Thomas Garthwaite, M.D., Director of Health Services, Chief Medical Officer

ADDRESS

c/o Eleanor Lehnkering, Microbiology Supervisor, Los Angeles County Public Health Laboratory, 313 North Figuero St., Room 1129, Los Angeles, CA 90012

STATE OF CALIFORNIA

AGENCY NAME

California Department of Health Services

BY (Authorized Signature)

DATE SIGNED (Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING

Terri L. Anderson, Chief, Contracts and Purchasing Services Section

ADDRESS

1501 Capitol Avenue, Suite 71.2101, MS 1403, P.O. Box 997413
Sacramento, CA 95833-7413

California Department of
General Services Use Only

☐ Exempt per:

Exhibit A
Scope of Work

1. Contractor agrees to provide to the Department of Health Services (DHS) the services described herein.

The Contractor will provide HIV-1 Resistance Test (RT) services for DHS, Office of AIDS (OA), AIDS Drug Assistance Program (ADAP)-eligible clients from state-funded Early Intervention Program (EIP) sites and Local Health Jurisdiction (LHJ) sites. RT services include performing HIV-1 RT from plasma samples, participating in both statewide and national proficiency testing programs, and conducting additional related RT related tests as needed upon prior authorization by the Office of AIDS and/or Viral and Rickettsial Disease Laboratory (OAVRDL).

2. The services shall be performed at 313 Figuero Street, Room 1129, Los Angeles, California.
3. The services shall be provided during normal Contractor working hours, Monday through Friday, excluding national holidays.
4. The project representatives during the term of this agreement will be:

Department of Health Services	Contractor
Toni Post Contract Monitor	Eleanor Lehnkering Microbiology Supervisor
Telephone: (916) 449-5970	Telephone: (213) 250-8603
Fax: (916) 449-5959	Fax: (213) 481-2375
E-mail: Tpost@dhs.ca.gov	E-mail: elehnkering@ladhs.org

Direct all inquiries to:

Department of Health Services	Contractor
Office of AIDS Early Intervention Section Attention: Toni Post MS 7700 P.O. Box 997426 Sacramento, CA 95899-7426	County of Los Angeles Los Angeles County Public Health Laboratory Attention: Eleanor Lehnkering Microbiology Supervisor 313 North Figuero St., Room 1129 Los Angeles, CA 90012
Telephone: (916) 449-5970	Telephone: (213) 250-8603
Fax: (916) 449-5959	Fax: (213) 481-2375
E-mail: Tpost@dhs.ca.gov	E-mail: elehnkering@ladhs.org

Either party may make changes to the information above by giving written notice to the other party. Said changes shall not require an amendment to this agreement.

5. **Services to be Performed**

Contractor shall perform the following services:

- A. As one of seven (7) participating RT Laboratories, the Contractor will provide HIV-1 RT services for ADAP-eligible clients from state funded EIP sites and LHJ sites. RT services include the following activities which are reimbursable as fee-for-service under this contract: performing HIV-1 RT from plasma samples, reporting applicable genetic sequence as

Exhibit A
Scope of Work

- required, collecting and entering voucher data into an appropriate format, participating in both statewide and national proficiency testing programs, and conducting additional RT related tests as needed upon prior authorization by the Office of AIDS/Viral and Rickettsial Disease Laboratory (OAVRDL).
- B. The overall RT program will be coordinated by the State Viral and Rickettsial Disease Laboratory (VRDL) and will be funded and administered by the California State Office of AIDS.
 - C. The Contractor shall perform RT as a means of assessing resistance of HIV to antiretroviral drugs. These tests shall be based upon the cDNA sequence in the Protease and Reverse Transcriptase regions of the HIV genome (genotype-based RTs), or the activity of patient-specific recombinant HIV in the presence of different concentrations of antiretroviral drugs (phenotype-based RTs).
 - D. Designated EIP staff and individuals authorized by LHJ sites, following OA guidelines, shall determine client eligibility and shall complete a RT Voucher. Instructions for completing the RT Voucher will be provided by the OA. It is the responsibility of each testing laboratory to review each voucher for its completeness and obtain any missing information. If samples are received with incomplete information, the Contractor shall put the test on hold until the form is completed accurately and shall preserve the integrity of the specimen. All specimens submitted to the Contractor with a completed and accurate RT Voucher shall be considered eligible for testing and reimbursement.
 - E. After authorization by the OA, participating EIP and LHJ sites will submit specimens consisting of two (2) tubes of frozen plasma, containing at least 1 mL each and a completed and accurate RT Voucher (**see Exhibit B, Attachments II & III**) to any one of the approved Contractors. The Contractor shall provide all necessary instructions for specimen collection and processing, including provisions for transport to the Contractor's RT laboratory and subsequent shipment of one frozen plasma sample to the VRDL.
 - F. The Contractor shall ship one of the two frozen plasma samples, containing at least 1 mL and identified only by its unique record number (URN), to the VRDL within three months of performing the RT.
 - G. The Contractor shall confirm that RT samples are processed and shipped using procedures consistent with those specified by the Contractor. The Contractor shall only perform viral resistance testing on samples meeting these specifications.
 - H. The Contractor shall make certain that a completed RT Voucher is submitted with each RT sample. The RT Vouchers shall be retained for a minimum of four years.
 - I. The Contractor shall ensure that all test results are linked to the Client URN, which is recorded on the RT Voucher. The Contractor will not be reimbursed for tests performed on samples not linked to a Client URN.
 - J. The Contractor shall report RT results to the submitter (ordering clinician) within 14 calendar days after the sample and completed RT Voucher were received in the case of genotype-based RT, and 21 calendar days after the sample and completed RT Voucher were received in the case of phenotype-based RT. The turnaround time clock starts when the Contractor receives complete data and an adequate sample. An identical RT report containing the Client URN and the RT Voucher Number, but with other patient identifiers removed, shall be submitted to the VRDL at the same time.

Exhibit A
Scope of Work

- K. Viral resistance test reports must include, but are not limited to, the following information:
- 1) Referral to in-house and external sources for assistance with interpretation and treatment implications
 - 2) A very concise summary of known mutations, their impact on antiretroviral therapy (ART), and limitations of resistance testing when applied to clinical care of patients.
 - 3) Present mutations or phenotypic sensitivity, by individual drug including all licensed antiretroviral agents and those available through expanded access programs in the United States. To achieve this, the Clinical Advisory Committee of the HIV Resistance Testing Advisory Group will conduct ongoing reviews for updates/modifications and the Contractor will have up to five months to add the committee's recommendations.
- L. The Contractor shall enter all data elements from RT Voucher into an appropriate computer-readable form specified by VRDL. For genotype-based RTs, the complete DNA sequence obtained starting at codon 1 of the HIV protease and continuing through codon 240 of the HIV reverse transcriptase gene shall also be submitted to VRDL in an appropriate electronic format. For phenotype-based RTs, the inhibitory concentrations determined are to be included in the data. The Contractor shall transmit these data electronically via email to the VRDL within 14 days after the sample and completed RT Voucher were received in the case of genotype-based RT, and 21 days after the sample and completed RT Voucher were received in the case of phenotype-based RT.
- M. The Contractor shall maintain Clinical Laboratory Improvements Amendments (CLIA) licensure, an ongoing RT quality assurance/quality control program, and participate in a periodic statewide proficiency-testing program, administered by the VRDL. The proficiency program will consist of testing a panel of 3 standardized samples up to three times per year (total of 9 sample tests). This testing will be performed and reimbursed by the same mechanism as all other RT tests.
- N. Any additional RT-related tests authorized by OA and VRDL may be reimbursable under this contract. Prior written authorization by VRDL and OA is required before implementation of any other test. The appropriate cost for such testing will be negotiated prior to approval.

6. Allowable Informal Scope of Work Changes

- A. Changes and revisions to the Scope of Work contained in the agreement, utilizing the **"allowable cost payment system"**, may be proposed by the Contractor in writing. All requested changes and revisions are subject to the approval of the State. Failure to notify the State of proposed revisions to the Scope of Work may result in an audit finding.
- B. The State will respond, in writing, as to the approval or disapproval of all such requests for changes or revisions to the Scope of Work within 30 calendar days of the date the request is received in the program. Should the State fail to respond to the Contractor's request within 30 calendar days of receipt, the Contractor's request shall be deemed approved.
- C. The State may also request changes and revisions to the Scope of Work. The State will make a good-faith effort to provide the Contractor 30 calendar days advance written notice of said changes or revisions.

Exhibit B
Budget Detail and Payment Provisions

1. Invoicing and Payment

- A. For services satisfactorily rendered, and upon receipt and approval of the invoices, the State agrees to compensate the Contractor for actual expenditures incurred in accordance with the rates and/or allowable costs specified herein
- B. Invoices shall include the Agreement Number and shall be submitted not more frequently than monthly in arrears to:

Attn: Invoice Desk
Department of Health Services
Office of AIDS
MS 7700
P.O. Box 997426
Sacramento, CA 95899-7426

C. Invoices shall:

- 1) Be prepared on company letterhead. If invoices are not on produced letterhead invoices must be signed by an authorized official, employee or agent certifying that the expenditures claimed represent actual expenses for the service performed under this contract.
- 2) Bear the Contractor's name as shown on the agreement.
- 3) Identify the billing and/or performance period covered by the invoice.
- 4) Itemize costs for the billing period in the same or greater level of detail as indicated in this agreement. Subject to the terms of this agreement, reimbursement may only be sought for those costs and/or cost categories expressly identified as allowable in this agreement and approved by DHS.

D. Rates Payable

Contractor will be reimbursed for services satisfactorily performed based on the following rate schedule:

- 1) \$400.00 per test administered for genotype-based Resistance Test.
 - 2) \$750.00 per test administered for phenotype-based Resistance Test.
- E. Resistance tests are reimbursed on a fee-for-service basis, genotypes at \$400 per test and phenotypes at \$750 per test. The client's medical provider shall determine the type of test (genotype or phenotype), the laboratory they wish to conduct the resistance test, the number of tests per individual and the frequency of testing. However, the EIP or LHJ may, in response to local demand, establish a limit or guideline for the number of free, prepaid tests a client may receive each year through the RT program.
- F. The Contractor will not be reimbursed for tests performed on samples with an incomplete RT Voucher or on samples received without a Voucher. Payment will be withheld if the data submitted is incomplete, invalid, or in a format not acceptable to DHS.
- G. The Contractor must invoice the State within 60 days completed resistance testing service. The Contractor will be reimbursed for service after clean, verifiable, and timely data is received by VRDL. A completed test is defined as one for which all laboratory processes required by the testing technology being used are completed successfully, a report of the applicable genetic

Exhibit B
Budget Detail and Payment Provisions

sequence is provided to the ordering clinician, and a report of the applicable genetic sequence, voucher data, and frozen plasma are provided to VRDL in Richmond, California.

2. Budget Contingency Clause

- A. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement.
- D. If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the State shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an agreement amendment to Contractor to reflect the reduced amount.

3. Prompt Payment Clause

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

4. Timely Submission of Final Invoice

- A. A final undisputed invoice shall be submitted for payment no more than ninety (90) calendar days following the expiration or termination date of this agreement, unless a later or alternate deadline is agreed to in writing by the program contract manager. Said invoice should be clearly marked "Final Invoice", thus indicating that all payment obligations of the State under this agreement have ceased and that no further payments are due or outstanding.
- B. The State may, at its discretion, choose not to honor any delinquent final invoice if the Contractor fails to obtain prior written State approval of an alternate final invoice submission deadline. Written State approval shall be sought from the program contract manager prior to the expiration or termination date of this agreement.
- C. The Contractor is hereby advised of its obligation to submit, with the final invoice, a "**Contractor's Release (Exhibit F)**" acknowledging submission of the final invoice to the State and certifying the approximate percentage amount, if any, of recycled products used in performance of this agreement.

**MUST BE
PRINTED ON
AGENCY
LETTERHEAD**

County of Los Angeles
04-35828

Exhibit B, Attachment I
INVOICE FORMAT

OA Tracking #:

OA Date Stamp

Contractor Name (as it appears on the STD 213)

Mailing Address

Contract Number

Program Name: HIV-1 Resistance Test Services

Period of Service (month / year)

	Amounts
Total Genotypes for this invoice:	
Genotype @ \$400 per completed test	\$
Total Phenotypes for this invoice:	
Phenotype @ \$750 per completed test	\$
TOTAL INVOICE	\$
I hereby certify that the amount claimed is accurate and a true representation of the amount owed.	
Authorized Signature	Date
Print name of authorized signature	Title

OA Review:

(Initial & Date)

No.	Client URN	Voucher No.	Genotype/Phenotype?
1	KUNP1109722	G0000101	Genotype
2	RBSM0457411	G0000102	Genotype
3	GASG1215591	P0000001	Phenotype
4	ENVD0805652	G0000103	Genotype

FOR OA USE ONLY

Office of AIDS
California Department of Health Services
MS 7700
P.O. Box 997426
Sacramento, CA 95899-7426

AUG 03 2004

Department of Health Services
Office of AIDS
Early Intervention Section**FOR USE IN FY 2004/2005 ONLY**
PHENOTYPIC HIV-1 RESISTANCE TEST VOUCHER

Complete and submit with each resistance test sample.

NOTE: All data fields are required except for patient's medical record number.

SELECT ONE PHENOTYPE PROVIDER:

- ☐ Specialty Labs, Inc.
☐ ViroLogic, Inc.

NAME OF AUTHORIZED LOCATION

Street Address

Authorized Location Number
(4 digits)

Telephone Number

Physician E-mail Address

Submitting Physician Name

ETHNICITY (select only one)

- ☐ (100) White (non-Hispanic)
☐ (200) Black (non-Hispanic), African-American
☐ (300) Hispanic
☐ (400) Asian, Pacific Islander
☐ (500) Native American/Alaskan
☐ (600) Other
☐ (999) Unknown

ZIP CODE OF PRIMARY RESIDENCE

- ☐ (99999) Unknown
☐ (99997) Homeless

INDIVIDUAL ANNUAL FEDERAL ADJUSTED GROSS INCOME

(Must Be Below \$50,000) \$

DATE OF BIRTH (mm/dd/yyyy)**GENDER (select only one)**

- ☐ (1) Male ☐ (3) Transgender (Male to Female) ☐ (9) Unknown
☐ (2) Female ☐ (4) Transgender (Female to Male)

CLIENT UNIQUE RECORD NUMBER (URN)—Unencrypted

Consists of eleven capital letters and numbers composed as follows:

Character	Description
1	First letter of legal *first name; if unavailable, use digit 9
2	Third letter of legal *first name; if unavailable, use middle initial; if no middle initial, use digit 9
3	First letter of legal *last name; if unavailable, use digit 9
4	Third letter of legal *last name; if unavailable, use digit 9
5-6	Month of birth as two digits
7-8	Day of birth as two digits
9-10	Year of birth as two digits; if date of birth not available, use 999999 for characters 5-10
11	One digit gender code (1=Male, 2=Female, 3 or 4=Transgender, 9=Unknown)

*No aliases or nicknames allowed.

Client URN (Unencrypted—11 characters) (Required for all clients.)

***PATIENT NAME (last, first, mi)**

*Contracting lab: You must remove name before sending voucher data to VRDL.

PATIENT MEDICAL RECORD NUMBER (optional)**EIP CLIENT NUMBER (required for ALL EIP Clients) (11 digits)**

Most recent CD4 count

Date

Most recent viral load

Date

(1) Currently on antiretrovirals (ARVs)?☐ Yes ☐ No

If yes, please check all that apply:

- ☐ Abacavir ☐ Amprenavir
☐ Didanosine ☐ Atazanavir
☐ Emtricitabine ☐ Fosamprenavir
☐ Lamivudine ☐ Indinavir
☐ Stavudine ☐ Lopinavir
☐ Tenofovir ☐ Nelfinavir
☐ Zalcitabine ☐ Ritonavir
☐ Zidovudine ☐ Saquinavir-HGC
☐ Zidovudine/lamivudine ☐ Saquinavir-SGC
☐ Zidovudine/lamivudine/abacavir ☐ Tipranavir
☐ Delavirdine ☐ Enfuvirtide
☐ Efavirenz ☐ Other: _____
☐ Nevirapine
☐ Other: _____

Duration of current regimen: _____ weeks

((2) Has patient ever taken ARV therapy at any time?☐ Yes ☐ No ☐ Don't know**((3) Has patient taken any ARVs in the past 72 hours?**☐ Yes ☐ No ☐ Don't know**((4) In your opinion, does this patient take the ARV medications at the correct dose and times?**☐ Always ☐ Usually ☐ Sometimes ☐ Seldom ☐ Unknown**((5) Was patient recently HIV infected (in the last two months)?**☐ Yes ☐ No ☐ Don't know**((6) Please indicate the number of prior resistance tests the patient has had: _____****RT SPECIMEN**

Date blood collected (mm/dd/yyyy)

Time blood collected

☐ a.m.☐ p.m.

Date plasma frozen (mm/dd/yyyy)

Time plasma frozen

☐ a.m.☐ p.m.

Sample prepared and shipped according to laboratory requirements?

☐ Yes ☐ No**FOR LABORATORY USE ONLY**

Laboratory accession number

Date specimen was received

Time specimen was received

☐ a.m.☐ p.m.

Date report sent to clinician

Date results forwarded to VRDL

Microbiologist/Technologist

Initials: _____

VOUCHER NUMBER: _____

Distribution: Pink—Submit with sample

Blue—Client chart

Goldenrod—Program copy

AUG 03 2004

Department of Health Services
Office of AIDS
Early Intervention Section

FOR USE IN FY 2004/2005 ONLY

GENOTYPIC HIV-1 RESISTANCE TEST VOUCHER

Complete and submit with each resistance test sample.

NOTE: All data fields are required except for patient's medical record number.

SELECT ONE GENOTYPE PROVIDER:

- ☐ Contra Costa County Public Health Laboratory
☐ J. David Gladstone Institutes
☐ Los Angeles County Public Health Laboratory
☐ San Bernardino County Public Health Laboratory
☐ Specialty Labs, Inc.
☐ Stanford Clinical Microbiology/Virology Lab
☐ ViroLogic, Inc.

NAME OF AUTHORIZED LOCATION

Street Address

Authorized Location Number
(4 digits)

Telephone Number

Physician E-mail Address

Submitting Physician Name

ETHNICITY (select only one)

- ☐ (100) White (non-Hispanic)
☐ (200) Black (non-Hispanic), African-American
☐ (300) Hispanic
☐ (400) Asian, Pacific Islander
☐ (500) Native American/Alaskan
☐ (600) Other
☐ (999) Unknown

ZIP CODE OF PRIMARY RESIDENCE

☐ (99999) Unknown☐ (99997) Homeless

INDIVIDUAL ANNUAL FEDERAL ADJUSTED GROSS INCOME

(Must Be Below \$50,000) \$

DATE OF BIRTH (mm/dd/yyyy)

GENDER (select only one)

- ☐ (1) Male ☐ (3) Transgender (Male to Female) ☐ (9) Unknown
☐ (2) Female ☐ (4) Transgender (Female to Male)

CLIENT UNIQUE RECORD NUMBER (URN)—Unencrypted

Consists of eleven capital letters and numbers composed as follows:

Character	Description
1	First letter of legal *first name; if unavailable, use digit 9
2	Third letter of legal *first name; if unavailable, use middle initial; if no middle initial, use digit 9
3	First letter of legal *last name; if unavailable, use digit 9
4	Third letter of legal *last name; if unavailable, use digit 9
5-6	Month of birth as two digits
7-8	Day of birth as two digits
9-10	Year of birth as two digits; if date of birth not available, use 999999 for characters 5-10
11	One digit gender code (1=Male, 2=Female, 3 or 4=Transgender, 9=Unknown)

*No aliases or nicknames allowed.

Client URN (Unencrypted—11 characters) (Required for all clients.)

*PATIENT NAME (last, first, mi)

*Contracting lab: You must remove name before sending voucher data to VRDL

PATIENT MEDICAL RECORD NUMBER (optional)

EIP CLIENT NUMBER (required for ALL EIP Clients) (11 digits)

Most recent CD4 count

Date

Most recent viral load

Date

(1) Currently on antiretrovirals (ARVs)?

☐ Yes ☐ No

If yes, please check all that apply:

- | | |
|---|---|
| <input type="checkbox"/> Abacavir | <input type="checkbox"/> Amprenavir |
| <input type="checkbox"/> Didanosine | <input type="checkbox"/> Atazanavir |
| <input type="checkbox"/> Emtricitabine | <input type="checkbox"/> Fosamprenavir |
| <input type="checkbox"/> Lamivudine | <input type="checkbox"/> Indinavir |
| <input type="checkbox"/> Stavudine | <input type="checkbox"/> Lopinavir |
| <input type="checkbox"/> Tenofovir | <input type="checkbox"/> Nelfinavir |
| <input type="checkbox"/> Zalcitabine | <input type="checkbox"/> Ritonavir |
| <input type="checkbox"/> Zidovudine | <input type="checkbox"/> Saquinavir-HGC |
| <input type="checkbox"/> Zidovudine/lamivudine | <input type="checkbox"/> Saquinavir-SGC |
| <input type="checkbox"/> Zidovudine/lamivudine/abacavir | <input type="checkbox"/> Tipranavir |
| <input type="checkbox"/> Delavirdine | <input type="checkbox"/> Enfuvirtide |
| <input type="checkbox"/> Efavirenz | <input type="checkbox"/> Other: _____ |
| <input type="checkbox"/> Nevirapine | |
| <input type="checkbox"/> Other: _____ | |

Duration of current regimen: _____ weeks

(2) Has patient ever taken ARV therapy at any time?

☐ Yes ☐ No ☐ Don't know

(3) Has patient taken any ARVs in the past 72 hours?

☐ Yes ☐ No ☐ Don't know

(4) In your opinion, does this patient take the ARV medications at the correct dose and times?

☐ Always ☐ Usually ☐ Sometimes ☐ Seldom ☐ Unknown

(5) Was patient recently HIV infected (in the last two months)?

☐ Yes ☐ No ☐ Don't know

(6) Please indicate the number of prior resistance tests the patient has had: _____

RT SPECIMEN

Date blood collected (mm/dd/yyyy)

Time blood collected

☐ a.m.☐ p.m.

Date plasma frozen (mm/dd/yyyy)

Time plasma frozen

☐ a.m.☐ p.m.

Sample prepared and shipped according to laboratory requirements?

☐ Yes ☐ No

FOR LABORATORY USE ONLY

Laboratory accession number

Date specimen was received

Time specimen was received

☐ a.m.☐ p.m.

Date report sent to clinician

Date results forwarded to VRDL

Microbiologist/Technologist

Initials: _____

VOUCHER NUMBER:

Special Terms and Conditions

(For State funded subvention, local assistance and direct service contracts and grant agreements)

The use of headings or titles throughout this exhibit is for convenience only and shall not be used to interpret or govern the meaning of any specific term or condition. The terms "contract", "Contractor" and "Subcontractor" shall also mean, "grant", "Grantee" and "Subgrantee" respectively.

Index of Special Terms and Conditions

1. Travel and Per Diem Reimbursement
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4. Subcontract Requirements
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11. Documents, Publications and Written Reports
12. Dispute Resolution Process
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17. Officials Not to Benefit
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20. Contract Uniformity (Fringe Benefit Allowability)

1. Travel and Per Diem Reimbursement

(Applicable if travel and/or per diem expenses are reimbursed with contract funds.)

Reimbursement for travel and per diem expenses from DHS under this agreement shall, unless otherwise specified in this agreement, be at the rates currently in effect, as established by the California Department of Personnel Administration (DPA), for nonrepresented state employees as stipulated in DHS' Travel Reimbursement Information Exhibit. If the DPA rates change during the term of the agreement, the new rates shall apply upon their effective date and no amendment to this agreement shall be necessary. Exceptions to DPA rates may be approved by DHS upon the submission of a statement by the Contractor indicating that such rates are not available to the Contractor. No travel outside the State of California shall be reimbursed without prior authorization from DHS. Verbal authorization should be confirmed in writing. Written authorization may be in a form including fax or email confirmation.

2. Procurement Rules

(Applicable to all agreements in which equipment, miscellaneous property, commodities and/or supplies are furnished by DHS or expenses for said items are reimbursed with state funds.)

a. Equipment definitions

Wherever the term equipment and/or miscellaneous property is used, the following definitions shall apply:

- (1) **Major equipment:** A tangible or intangible item having a base unit cost of \$5,000 or more with a life expectancy of one (1) year or more and is either furnished by DHS or the cost is reimbursed through this agreement. Software and videos are examples of intangible items that meet this definition.
- (2) **Minor equipment:** A tangible item having a base unit cost of less than \$5,000 with a life expectancy of one (1) year or more that is listed on the DHS Asset Management Unit's Minor Equipment List and is either furnished by DHS or the cost is reimbursed through this agreement. Contractors may obtain a copy of the Minor Equipment List by making a request through the DHS program contract manager.
- (3) **Miscellaneous property:** A specific tangible item with a life expectancy of one (1) year or more that is either furnished by DHS or the cost is reimbursed through this agreement. Examples include, but are not limited to: furniture (excluding modular furniture), cabinets, typewriters, desktop calculators, portable dictators, non-digital cameras, etc.

- b. **Government and public entities** (including state colleges/universities and auxiliary organizations), whether acting as a contractor and/or subcontractor, may secure all commodities, supplies, equipment and services related to such purchases that are required in performance of this agreement. Said procurements are subject to Paragraphs d through h of Provision 2. Paragraph c of Provision 2 shall also apply, if equipment purchases are delegated to subcontractors that are nonprofit organizations or commercial businesses.

- c. **Nonprofit organizations and commercial businesses**, whether acting as a contractor and/or subcontractor, may secure commodities, supplies, equipment and services related to such purchases for performance under this agreement.

- (1) Equipment purchases shall not exceed \$50,000 annually.

To secure equipment above the annual maximum limit of \$50,000, the Contractor shall make arrangements through the appropriate DHS program contract manager, to have all remaining equipment purchased through DHS' Purchasing Unit. The cost of equipment purchased by or through DHS shall be deducted from the funds available in this agreement. Contractor shall submit to the DHS program contract manager a list of equipment specifications for those items that the State must procure. The State may pay the vendor directly for such

arranged equipment purchases and title to the equipment will remain with DHS. The equipment will be delivered to the Contractor's address, as stated on the face of the agreement, unless the Contractor notifies the DHS program contract manager, in writing, of an alternate delivery address.

- (2) All equipment purchases are subject to Paragraphs d through h of Provision 2. Paragraph b of Provision 2 shall also apply, if equipment purchases are delegated to subcontractors that are either a government or public entity.
- (3) Nonprofit organizations and commercial businesses, shall use a procurement system that meets the following standards:
 - (a) Maintain a code or standard of conduct that shall govern the performance of its officers, employees, or agents engaged in awarding procurement contracts. No employee, officer, or agent shall participate in the selection, award, or administration of a procurement contract in which, to his or her knowledge, he or she has a financial interest.
 - (b) Procurements shall be conducted in a manner that provides, to the maximum extent practical, open, and free competition.
 - (c) Procurements shall be conducted in a manner that provides for all of the following:
 - [1] Avoid purchasing unnecessary or duplicate items.
 - [2] Equipment solicitations shall be based upon a clear and accurate description of the technical requirements of the goods to be procured.
 - [3] Take positive steps to utilize small and veteran owned businesses.
- d. Unless waived or otherwise stipulated in writing by DHS, prior written authorization from the appropriate DHS program contract manager will be required before the Contractor will be reimbursed for any purchase of \$5,000 or more for commodities, supplies, equipment, and services related to such purchases. The Contractor must provide in its request for authorization all particulars necessary, as specified by DHS, for evaluating the necessity or desirability of incurring such costs. The term "purchase" excludes the purchase of services from a subcontractor and public utility services at rates established for uniform applicability to the general public.
- e. In special circumstances, determined by DHS (e.g., when DHS has a need to monitor certain purchases, etc.), DHS may require prior written authorization and/or the submission of paid vendor receipts for any purchase, regardless of dollar amount. DHS reserves the right to either deny claims for reimbursement or to request repayment for any Contractor and/or subcontractor purchase that DHS determines to be unnecessary in carrying out performance under this agreement.
- f. The Contractor and/or subcontractor must maintain a copy or narrative description of the procurement system, guidelines, rules, or regulations that will be used to make purchases under this agreement. The State reserves the right to request a copy of these documents and to inspect the purchasing practices of the Contractor and/or subcontractor at any time.
- g. For all purchases, the Contractor and/or subcontractor must maintain copies of all paid vendor invoices, documents, bids and other information used in vendor selection, for inspection or audit. Justifications supporting the absence of bidding (i.e., sole source purchases) shall also be maintained on file by the Contractor and/or subcontractor for inspection or audit.
- h. DHS may, with cause (e.g., with reasonable suspicion of unnecessary purchases or use of inappropriate purchase practices, etc.), withhold, cancel, modify, or retract the delegated purchase authority granted under Paragraphs b and/or c of Provision 2 by giving the Contractor no less than 30 calendar days written notice.

3. Equipment Ownership / Inventory / Disposition

(Applicable to agreements in which equipment and/or miscellaneous property is furnished by DHS and/or when said items are purchased or reimbursed with state funds.)

- a. Wherever the term equipment and/or miscellaneous property is used in Provision 3, the definitions in Provision 2, Paragraph a shall apply.

Unless otherwise stipulated in this agreement, all equipment and/or miscellaneous property that are purchased/reimbursed with agreement funds or furnished by DHS under the terms of this agreement shall be considered state equipment and the property of DHS.

- (1) DHS requires the reporting, tagging and annual inventorying of all equipment and/or miscellaneous property that is furnished by DHS or purchased/reimbursed with funds provided through this agreement.

Upon receipt of equipment and/or miscellaneous property, the Contractor shall report the receipt to the DHS program contract manager. To report the receipt of said items and to receive property tags, the Contractor shall use a form or format designated by DHS' Asset Management Unit. If the appropriate form (i.e., Contractor Equipment Purchased with DHS Funds) does not accompany this agreement, Contractor shall request a copy from the DHS program contract manager.

- (2) If the Contractor enters into an agreement with a term of more than twelve months, the Contractor shall submit an annual inventory of state equipment and/or miscellaneous property to the DHS program contract manager using a form or format designated by DHS' Asset Management Unit. If an inventory report form (i.e., Inventory/Disposition of DHS-Funded Equipment) does not accompany this agreement, Contractor shall request a copy from the DHS program contract manager. Contractor shall:
 - (a) Include in the inventory report, equipment and/or miscellaneous property in the Contractor's possession and/or in the possession of a subcontractor (including independent consultants).
 - (b) Submit the inventory report to DHS according to the instructions appearing on the form or issued by the DHS program contract manager.
 - (c) Contact the DHS program contract manager to learn how to remove, trade-in, sell, transfer or survey off, from the inventory report, expired equipment and/or miscellaneous property that is no longer wanted, usable or has passed its life expectancy. Instructions will be supplied by DHS' Asset Management Unit.
- b. Title to state equipment and/or miscellaneous property shall not be affected by its incorporation or attachment to any property not owned by the State.
- c. Unless otherwise stipulated, DHS shall be under no obligation to pay the cost of restoration, or rehabilitation of the Contractor's and/or Subcontractor's facility which may be affected by the removal of any state equipment and/or miscellaneous property.
- d. The Contractor and/or Subcontractor shall maintain and administer a sound business program for ensuring the proper use, maintenance, repair, protection, insurance and preservation of state equipment and/or miscellaneous property.
 - (1) In administering this provision, DHS may require the Contractor and/or Subcontractor to repair or replace, to DHS' satisfaction, any damaged, lost or stolen state equipment and/or miscellaneous property. In the event of state equipment and/or miscellaneous property theft, Contractor and/or Subcontractor shall immediately file a theft report with the appropriate police agency or the California Highway Patrol and Contractor shall promptly submit one copy of the theft report to the DHS program contract manager.

- e. Unless otherwise stipulated by the program funding this agreement, equipment and/or miscellaneous property purchased/reimbursed with agreement funds or furnished by DHS under the terms of this agreement, shall only be used for performance of this agreement or another DHS agreement.
- f. Within sixty (60) calendar days prior to the termination or end of this agreement, the Contractor shall provide a final inventory report of equipment and/or miscellaneous property to the DHS program contract manager and shall, at that time, query DHS as to the requirements, including the manner and method, of returning state equipment and/or miscellaneous property to DHS. Final disposition of equipment and/or miscellaneous property shall be at DHS expense and according to DHS instructions. Equipment and/or miscellaneous property disposition instructions shall be issued by DHS immediately after receipt of the final inventory report. At the termination or conclusion of this agreement, DHS may at its discretion, authorize the continued use of state equipment and/or miscellaneous property for performance of work under a different DHS agreement.

g. Motor Vehicles

(Applicable only if motor vehicles are purchased/reimbursed with agreement funds or furnished by DHS under this agreement.)

- (1) If motor vehicles are purchased/reimbursed with agreement funds or furnished by DHS under the terms of this agreement, within thirty (30) calendar days prior to the termination or end of this agreement, the Contractor and/or Subcontractor shall return such vehicles to DHS and shall deliver all necessary documents of title or registration to enable the proper transfer of a marketable title to DHS.
- (2) If motor vehicles are purchased/reimbursed with agreement funds or furnished by DHS under the terms of this agreement, the State of California shall be the legal owner of said motor vehicles and the Contractor shall be the registered owner. The Contractor and/or a subcontractor may only use said vehicles for performance and under the terms of this agreement.
- (3) The Contractor and/or Subcontractor agree that all operators of motor vehicles, purchased/reimbursed with agreement funds or furnished by DHS under the terms of this agreement, shall hold a valid State of California driver's license. In the event that ten or more passengers are to be transported in any one vehicle, the operator shall also hold a State of California Class B driver's license.
- (4) If any motor vehicle is purchased/reimbursed with agreement funds or furnished by DHS under the terms of this agreement, the Contractor and/or Subcontractor, as applicable, shall provide, maintain, and certify that, at a minimum, the following type and amount of automobile liability insurance is in effect during the term of this agreement or any period of contract extension during which any vehicle remains in the Contractor's and/or Subcontractor's possession:

Automobile Liability Insurance

- (a) The Contractor, by signing this agreement, hereby certifies that it possesses or will obtain automobile liability insurance in the amount of \$1,000,000 per occurrence for bodily injury and property damage combined. Said insurance must be obtained and made effective upon the delivery date of any motor vehicle, purchased/reimbursed with agreement funds or furnished by DHS under the terms of this agreement, to the Contractor and/or Subcontractor.
- (b) The Contractor and/or Subcontractor shall, as soon as practical, furnish a copy of the certificate of insurance to the DHS program contract manager.

- (c) The Contractor and/or Subcontractor agree that bodily injury and property damage liability insurance, as required herein, shall remain in effect at all times during the term of this agreement or until such time as the motor vehicle is returned to DHS.
- (d) The Contractor and/or Subcontractor agree to provide, at least thirty (30) days prior to the expiration date of said insurance coverage, a copy of a new certificate of insurance evidencing continued coverage, as indicated herein, for not less than the remainder of the term of this agreement, the term of any extension or continuation thereof, or for a period of not less than one (1) year.
- (e) The Contractor and/or Subcontractor, if not a self-insured government and/or public entity, must provide evidence, that any required certificates of insurance contain the following provisions:
 - [1] The insurer will not cancel the insured's coverage without giving thirty (30) calendar days prior written notice to the State (California Department of Health Services).
 - [2] The State of California, its officers, agents, employees, and servants are included as additional insureds, but only with respect to work performed for the State under this agreement and any extension or continuation of this agreement.
 - [3] The insurance carrier shall notify the State of California Department of Health Services, in writing, of the Contractor's failure to pay premiums; its cancellation of such policies; or any other substantial change, including, but not limited to, the status, coverage, or scope of the required insurance. Such notices shall contain a reference to the agreement number for which the insurance was obtained.
- (f) The Contractor and/or Subcontractor is hereby advised that copies of certificates of insurance may be subject to review and approval by the Department of General Services (DGS), Office of Risk and Insurance Management. The Contractor shall be notified by DHS, in writing, if this provision is applicable to this agreement. If DGS approval of the certificate of insurance is required, the Contractor agrees that no work or services shall be performed prior to obtaining said approval.
- (g) In the event the Contractor and/or Subcontractor fails to keep insurance coverage, as required herein, in effect at all times during vehicle possession, DHS may, in addition to any other remedies it may have, terminate this agreement upon the occurrence of such event.

4. Subcontract Requirements

(Applicable to agreements under which services are to be performed by subcontractors including independent consultants.)

- a. Prior written authorization will be required before the Contractor enters into or is reimbursed for any subcontract for services costing \$5,000 or more. Except as indicated in Paragraph a(3) herein, when securing subcontracts for services exceeding \$5,000, the Contractor shall obtain at least three bids or justify a sole source award.
 - (1) The Contractor must provide in its request for authorization, all particulars necessary for evaluating the necessity or desirability of incurring such cost.
 - (2) The State may identify the information needed to fulfill this requirement.
 - (3) Subcontracts performed by the following entities or for the service types listed below are exempt from the bidding and sole source justification requirements:
 - (a) A local governmental entity or the federal government,
 - (b) A State college or university from any State,
 - (c) A Joint Powers Authority,

- (d) An auxiliary organization of a California State University or a California community college,
 - (e) A foundation organized to support the Board of Governors of the California Community Colleges,
 - (f) An auxiliary organization of the Student Aid Commission established under Education Code § 69522,
 - (g) Entities of any type that will provide subvention aid or direct services to the public,
 - (h) Entities and/or service types identified as exempt from advertising in State Administrative Manual Section 1233 subsection 3. View this publication at the following Internet address: <http://sam.dgs.ca.gov>.
- b. DHS reserves the right to approve or disapprove the selection of subcontractors and with advance written notice, require the substitution of subcontractors and require the Contractor to terminate subcontracts entered into in support of this agreement.
- (1) Upon receipt of a written notice from DHS requiring the substitution and/or termination of a subcontract, the Contractor shall take steps to ensure the completion of any work in progress and select a replacement, if applicable, within 30 calendar days, unless a longer period is agreed to by DHS.
- c. Actual subcontracts (i.e., written agreement between the Contractor and a subcontractor) of \$5,000 or more are subject to the prior review and written approval of DHS. DHS may, at its discretion, elect to waive this right. All such waivers shall be confirmed in writing by DHS.
- d. Contractor shall maintain a copy of each subcontract entered into in support of this agreement and shall, upon request by DHS, make said copies available for approval, inspection, or audit.
- e. Sole responsibility rests with the Contractor to ensure that subcontractors, used in performance of this agreement, are paid in a timely manner. The timeliness of said payments may be affected by the timeliness of payments issued by DHS to the Contractor.
- f. The Contractor is responsible for all performance requirements under this agreement even though performance may be carried out through a subcontract.
- g. The Contractor shall ensure that all subcontracts for services include provision(s) requiring compliance with applicable terms and conditions specified in this agreement.
- h. The Contractor agrees to include the following clause, relevant to record retention, in all subcontracts for services:
- "(Subcontractor Name) agrees to maintain and preserve, until three years after termination of (Agreement Number) and final payment from DHS, to permit DHS or any duly authorized representative, to have access to, examine or audit any pertinent books, documents, papers and records related to this subcontract and to allow interviews of any employees who might reasonably have information related to such records."
- i. Unless otherwise stipulated in writing by DHS, the Contractor shall be the subcontractor's sole point of contact for all matters related to performance and payment under this agreement.
- j. Contractor shall, as applicable, advise all subcontractors of their obligations pursuant to the following numbered provisions of this Exhibit: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 17.

5. Income Restrictions

Unless otherwise stipulated in this agreement, the Contractor agrees that any refunds, rebates, credits, or other amounts (including any interest thereon) accruing to or received by the Contractor under this agreement shall be paid by the Contractor to DHS, to the extent that they are properly allocable to costs for which the Contractor has been reimbursed by DHS under this agreement.

6. Audit and Record Retention

(Applicable to agreements over \$10,000.)

- a. The Contractor and/or Subcontractor shall maintain books, records, documents, and other evidence, accounting procedures, and practices, sufficient to properly reflect all direct and indirect costs of whatever nature claimed to have been incurred in the performance of this agreement, including any matching costs and expenses. The foregoing constitutes "records" for the purposes of this provision.
- b. The Contractor's and/or Subcontractor's facility or office or such part thereof as may be engaged in the performance of this agreement and his/her records shall be subject at all reasonable times to inspection, audit, and reproduction.
- c. Contractor agrees that DHS, the Department of General Services, the Bureau of State Audits, or their designated representatives shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this agreement. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, the Contractor agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this agreement. (GC 8546.7, CCR Title 2, Section 1896).
- d. The Contractor and/or Subcontractor shall preserve and make available his/her records (1) for a period of three years from the date of final payment under this agreement, and (2) for such longer period, if any, as is required by applicable statute, by any other provision of this agreement, or by subparagraphs (1) or (2) below.
 - (1) If this agreement is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of three years from the date of any resulting final settlement.
 - (2) If any litigation, claim, negotiation, audit, or other action involving the records has been started before the expiration of the three-year period, the records shall be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular three-year period, whichever is later.
- e. The Contractor and/or Subcontractor shall comply with the above requirements and be aware of the penalties for violations of fraud and for obstruction of investigation as set forth in Public Contract Code § 10115.10, if applicable.
- f. The Contractor and/or Subcontractor may, at its discretion, following receipt of final payment under this agreement, reduce its accounts, books and records related to this agreement to microfilm, computer disk, CD ROM, or other data storage medium. Upon request by an authorized representative to inspect, audit or obtain copies of said records, the Contractor and/or subcontractor must supply or make available applicable devices, hardware, and/or software necessary to view, copy and/or print said records. Applicable devices may include, but are not limited to, microfilm readers and microfilm printers, etc.

7. Site Inspection

The State, through any authorized representatives, has the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed hereunder including subcontract supported activities and the premises in which it is being performed. If any inspection or evaluation is made of the premises of the Contractor or Subcontractor, the Contractor shall provide and shall require Subcontractors to provide all reasonable facilities and assistance for the safety and convenience of the authorized representatives in the performance of their duties. All inspections and evaluations shall be performed in such a manner as will not unduly delay the work.

8. Intellectual Property Rights

a. Ownership

- (1) Except where DHS has agreed in a signed writing to accept a license, DHS shall be and remain, without additional compensation, the sole owner of any and all rights, title and interest in all Intellectual Property, from the moment of creation, whether or not jointly conceived, that are made, conceived, derived from, or reduced to practice by Contractor or DHS and which result directly or indirectly from this agreement.
- (2) For the purposes of this agreement, Intellectual Property means recognized protectable rights and interest such as: patents, (whether or not issued) copyrights, trademarks, service marks, applications for any of the foregoing, inventions, trade secrets, trade dress, logos, insignia, color combinations, slogans, moral rights, right of publicity, author's rights, contract and licensing rights, works, mask works, industrial design rights, rights of priority, know how, design flows, methodologies, devices, business processes, developments, innovations, good will and all other legal rights protecting intangible proprietary information as may exist now and/or here after come into existence, and all renewals and extensions, regardless of whether those rights arise under the laws of the United States, or any other state, country or jurisdiction.
 - (a) For the purposes of the definition of Intellectual Property, "works" means all literary works, writings and printed matter including the medium by which they are recorded or reproduced, photographs, art work, pictorial and graphic representations and works of a similar nature, film, motion pictures, digital images, animation cells, and other audiovisual works including positives and negatives thereof, sound recordings, tapes, educational materials, interactive videos and any other materials or products created, produced, conceptualized and fixed in a tangible medium of expression. It includes preliminary and final products and any materials and information developed for the purposes of producing those final products. Works does not include articles submitted to peer review or reference journals or independent research projects.
- (3) In the performance of this agreement, Contractor will exercise and utilize certain of its Intellectual Property in existence prior to the effective date of this agreement. In addition, under this agreement, Contractor may access and utilize certain of DHS' Intellectual Property in existence prior to the effective date of this agreement. Except as otherwise set forth herein, Contractor shall not use any of DHS' Intellectual Property now existing or hereafter existing for any purposes without the prior written permission of DHS. **Except as otherwise set forth herein, neither the Contractor nor DHS shall give any ownership interest in or rights to its Intellectual Property to the other Party.** If during the term of this agreement, Contractor accesses any third-party Intellectual Property that is licensed to DHS, Contractor agrees to abide by all license and confidentiality restrictions applicable to DHS in the third-party's license agreement.
- (4) Contractor agrees to cooperate with DHS in establishing or maintaining DHS' exclusive rights in the Intellectual Property, and in assuring DHS' sole rights against third parties with respect to the Intellectual Property. If the Contractor enters into any agreements or subcontracts with other parties in order to perform this agreement, Contractor shall require the terms of the agreement(s) to include all Intellectual Property provisions. Such terms must include, but are not limited to, the subcontractor assigning and agreeing to assign to DHS all rights, title and interest in Intellectual Property made, conceived, derived from, or reduced to practice by the subcontractor, Contractor or DHS and which result directly or indirectly from this agreement or any subcontract.
- (5) Contractor further agrees to assist and cooperate with DHS in all reasonable respects, and execute all documents and, subject to reasonable availability, give testimony and take all further acts reasonably necessary to acquire, transfer, maintain, and enforce DHS' Intellectual Property rights and interests.

b. Retained Rights / License Rights

- (1) Except for Intellectual Property made, conceived, derived from, or reduced to practice by Contractor or DHS and which result directly or indirectly from this agreement, Contractor shall retain title to all of its Intellectual Property to the extent such Intellectual Property is in existence prior to the effective date of this agreement. Contractor hereby grants to DHS, without additional compensation, a permanent, non-exclusive, royalty free, paid-up, worldwide, irrevocable, perpetual, non-terminable license to use, reproduce, manufacture, sell, offer to sell, import, export, modify, publicly and privately display/perform, distribute, and dispose Contractor's Intellectual Property with the right to sublicense through multiple layers, for any purpose whatsoever, to the extent it is incorporated in the Intellectual Property resulting from this agreement, unless Contractor assigns all rights, title and interest in the Intellectual Property as set forth herein.
- (2) Nothing in this provision shall restrict, limit, or otherwise prevent Contractor from using any ideas, concepts, know-how, methodology or techniques related to its performance under this agreement, provided that Contractor's use does not infringe the patent, copyright, trademark rights, license or other Intellectual Property rights of DHS or third party, or result in a breach or default of any provisions of this Exhibit or result in a breach of any provisions of law relating to confidentiality.

c. Copyright

- (1) Contractor agrees that for purposes of copyright law, all works [as defined in Section a, subparagraph (2)(a) of this provision] of authorship made by or on behalf of Contractor in connection with Contractor's performance of this agreement shall be deemed "works made for hire". Contractor further agrees that the work of each person utilized by Contractor in connection with the performance of this agreement will be a "work made for hire," whether that person is an employee of Contractor or that person has entered into an agreement with Contractor to perform the work. Contractor shall enter into a written agreement with any such person that: (i) all work performed for Contractor shall be deemed a "work made for hire" under the Copyright Act and (ii) that person shall assign all right, title, and interest to DHS to any work product made, conceived, derived from, or reduced to practice by Contractor or DHS and which result directly or indirectly from this agreement.
- (2) All materials, including, but not limited to, visual works or text, reproduced or distributed pursuant to this agreement that include Intellectual Property made, conceived, derived from, or reduced to practice by Contractor or DHS and which result directly or indirectly from this agreement, shall include DHS' notice of copyright, which shall read in 3mm or larger typeface: "© 2001, State of California, Department of Health Services. This material may not be reproduced or disseminated without prior written permission from the Department of Health Services." This notice should be placed prominently on the materials and set apart from other matter on the page where it appears. Audio productions shall contain a similar audio notice of copyright.

d. Patent Rights

With respect to inventions made by Contractor in the performance of this agreement, which did not result from research and development specifically included in the agreement's scope of work, Contractor hereby grants to DHS a license as described under Section b of this provision for devices or material incorporating, or made through the use of such inventions. If such inventions result from research and development work specifically included within the agreement's scope of work, then Contractor agrees to assign to DHS, without additional compensation, all its right, title and interest in and to such inventions and to assist DHS in securing United States and foreign patents with respect thereto.

e. Third-Party Intellectual Property

Except as provided herein, Contractor agrees that its performance of this agreement shall not be dependent upon or include any Intellectual Property of Contractor or third party without first: (i) obtaining DHS' prior written approval; and (ii) granting to or obtaining for DHS, without additional compensation, a license, as described in Section b of this provision, for any of Contractor's or third-party's Intellectual Property in existence prior to the effective date of this agreement. If such a license upon these terms is unattainable, and DHS determines that the Intellectual Property should be included in or is required for Contractor's performance of this agreement, Contractor shall obtain a license under terms acceptable to DHS.

f. Warranties**(1) Contractor represents and warrants that:**

- (a) It is free to enter into and fully perform this agreement.
- (b) It has secured and will secure all rights and licenses necessary for its performance of this agreement.
- (c) Neither Contractor's performance of this agreement, nor the exercise by either Party of the rights granted in this agreement, nor any use, reproduction, manufacture, sale, offer to sell, import, export, modification, public and private display/performance, distribution, and disposition of the Intellectual Property made, conceived, derived from, or reduced to practice by Contractor or DHS and which result directly or indirectly from this agreement will infringe upon or violate any Intellectual Property right, non-disclosure obligation, or other proprietary right or interest of any third-party or entity now existing under the laws of, or hereafter existing or issued by, any state, the United States, or any foreign country. There is currently no actual or threatened claim by any such third party based on an alleged violation of any such right by Contractor.
- (d) Neither Contractor's performance nor any part of its performance will violate the right of privacy of, or constitute a libel or slander against any person or entity.
- (e) It has secured and will secure all rights and licenses necessary for Intellectual Property including, but not limited to, consents, waivers or releases from all authors of music or performances used, and talent (radio, television and motion picture talent), owners of any interest in and to real estate, sites, locations, property or props that may be used or shown.
- (f) It has not granted and shall not grant to any person or entity any right that would or might derogate, encumber, or interfere with any of the rights granted to DHS in this agreement.
- (g) It has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this agreement for the acquisition, operation or maintenance of computer software in violation of copyright laws.
- (h) It has no knowledge of any outstanding claims, licenses or other charges, liens, or encumbrances of any kind or nature whatsoever that could affect in any way Contractor's performance of this agreement.

(2) DHS MAKES NO WARRANTY THAT THE INTELLECTUAL PROPERTY RESULTING FROM THIS AGREEMENT DOES NOT INFRINGE UPON ANY PATENT, TRADEMARK, COPYRIGHT OR THE LIKE, NOW EXISTING OR SUBSEQUENTLY ISSUED.

g. Intellectual Property Indemnity

- (1) Contractor shall indemnify, defend and hold harmless DHS and its licensees and assignees, and its officers, directors, employees, agents, representatives, successors, and users of its products, ("Indemnitees") from and against all claims, actions, damages, losses, liabilities (or actions or proceedings with respect to any thereof), whether or not rightful, arising from any and all actions or claims by any third party or expenses related thereto (including, but not limited to, all legal expenses, court costs, and attorney's fees incurred in investigating, preparing, serving as a witness in, or defending against, any such claim, action, or proceeding, commenced or threatened) to which any of the Indemnitees may be subject, whether or not Contractor is a party to any pending or threatened litigation, which arise out of or are related to (i) the incorrectness or breach of any of the representations, warranties, covenants or agreements of Contractor pertaining to Intellectual Property; or (ii) any Intellectual Property infringement, or any other type of actual or alleged infringement claim, arising out of DHS' use, reproduction, manufacture, sale, offer to sell, distribution, import, export, modification, public and private performance/display, license, and disposition of the Intellectual Property made, conceived, derived from, or reduced to practice by Contractor or DHS and which result directly or indirectly from this agreement. This indemnity obligation shall apply irrespective of whether the infringement claim is based on a patent, trademark or copyright registration that issued after the effective date of this agreement. DHS reserves the right to participate in and/or control, at Contractor's expense, any such infringement action brought against DHS.
- (2) Should any Intellectual Property licensed by the Contractor to DHS under this agreement become the subject of an Intellectual Property infringement claim, Contractor will exercise its authority reasonably and in good faith to preserve DHS' right to use the licensed Intellectual Property in accordance with this agreement at no expense to DHS. DHS shall have the right to monitor and appear through its own counsel (at Contractor's expense) in any such claim or action. In the defense or settlement of the claim, Contractor may obtain the right for DHS to continue using the licensed Intellectual Property; or, replace or modify the licensed Intellectual Property so that the replaced or modified Intellectual Property becomes non-infringing provided that such replacement or modification is functionally equivalent to the original licensed Intellectual Property. If such remedies are not reasonably available, DHS shall be entitled to a refund of all monies paid under this agreement, without restriction or limitation of any other rights and remedies available at law or in equity.
- (3) Contractor agrees that damages alone would be inadequate to compensate DHS for breach of any term of this Intellectual Property Exhibit by Contractor. Contractor acknowledges DHS would suffer irreparable harm in the event of such breach and agrees DHS shall be entitled to obtain equitable relief, including without limitation an injunction, from a court of competent jurisdiction, without restriction or limitation of any other rights and remedies available at law or in equity.

h. Federal Funding

In any agreement funded in whole or in part by the federal government, DHS may acquire and maintain the Intellectual Property rights, title, and ownership, which results directly or indirectly from the agreement; except as provided in 37 Code of Federal Regulations part 401.14; however, the federal government shall have a non-exclusive, nontransferable, irrevocable, paid-up license throughout the world to use, duplicate, or dispose of such Intellectual Property throughout the world in any manner for governmental purposes and to have and permit others to do so.

i. Survival

The provisions set forth herein shall survive any termination or expiration of this agreement or any project schedule.

9. Prior Approval of Training Seminars, Workshops or Conferences

Contractor shall obtain prior DHS approval of the location, costs, dates, agenda, instructors, instructional materials, and attendees at any reimbursable training seminar, workshop, or conference conducted pursuant to this agreement and of any reimbursable publicity or educational materials to be made available for distribution. The Contractor shall acknowledge the support of the State whenever publicizing the work under this agreement in any media. This provision does not apply to necessary staff meetings or training sessions held for the staff of the Contractor or Subcontractor to conduct routine business matters.

10. Confidentiality of Information

- a. The Contractor and its employees, agents, or subcontractors shall protect from unauthorized disclosure names and other identifying information concerning persons either receiving services pursuant to this agreement or persons whose names or identifying information become available or are disclosed to the Contractor, his/her employees, agents, or subcontractors as a result of services performed under this agreement, except for statistical information not identifying any such person.
- b. The Contractor and its employees, agents, or subcontractors shall not use such identifying information for any purpose other than carrying out the Contractor's obligations under this agreement.
- c. The Contractor and its employees, agents, or subcontractors shall promptly transmit to the DHS program contract manager all requests for disclosure of such identifying information not emanating from the client or person.
- d. The Contractor shall not disclose, except as otherwise specifically permitted by this agreement or authorized by the client, any such identifying information to anyone other than DHS without prior written authorization from the DHS program contract manager.
- e. For purposes of this provision, identity shall include, but not be limited to name, identifying number, symbol, or other identifying particular assigned to the individual, such as finger or voice print or a photograph.

11. Documents, Publications and Written Reports

(Applicable to agreements over \$5,000 under which publications, written reports and documents are developed or produced. Government Code Section 7550.)

Any document, publication or written report (excluding progress reports, financial reports and normal contract communications) prepared as a requirement of this agreement shall contain, in a separate section preceding the main body of the document, the number and dollar amounts of all contracts and subcontracts relating to the preparation of such document or report, if the total cost for work by nonemployees of the State exceeds \$5,000.

12. Dispute Resolution Process

- a. A Contractor grievance exists whenever the Contractor believes there is a dispute arising from DHS' action in the administration of an agreement. If the Contractor believes there is a dispute or grievance between the Contractor and DHS, both parties shall follow the procedure outlined below.
 - (1) The Contractor should first discuss the problem informally with the DHS program contract manager. If the problem cannot be resolved at this stage, the Contractor shall direct its grievance together with any evidence, in writing, to the program Branch Chief. The grievance shall state the issues in dispute, the legal authority or other basis for the Contractor's position and the remedy sought. The Branch Chief shall make a determination on the problem within ten (10) working days after receipt of the written communication from the Contractor. The Branch Chief shall respond in writing to the Contractor indicating the decision and reasons

therefore. Should the Contractor disagree with the Branch Chief's decision, the Contractor may appeal to the second level.

- (2) The Contractor must prepare a letter indicating the reasons for disagreement with Branch Chief's decision. The Contractor shall include with the letter a copy of the Contractor's original statement of dispute with any supporting documents and a copy of the Branch Chief's response. This letter shall be sent to the Deputy Director of the division in which the branch is organized within ten (10) working days from receipt of the Branch Chief's decision. The Deputy Director of the division funding this agreement or his/her designee shall meet with the Contractor to review the issues raised. A written decision signed by the Deputy Director of the division funding this agreement or his/her designee shall be returned to the Contractor within twenty (20) working days of receipt of the Contractor's letter.
- b. If the Contractor wishes to appeal the decision of the Deputy Director of the division funding this agreement or his/her designee, the Contractor shall follow the procedures set forth in Division 25.1 (commencing with Section 38050) of the Health and Safety Code and the regulations adopted thereunder. (Title 1, Subchapter 2.5, commencing with Section 251, California Code of Regulations.)
- c. Disputes arising out of an audit, examination of an agreement or other action not covered by subdivision (a) of Section 20204, of Chapter 2.1, Title 22, of the California Code of Regulations, and for which no procedures for appeal are provided in statute, regulation or the agreement, shall be handled in accordance with the procedures identified in Sections 51016 through 51047, Title 22, California Code of Regulations.
- d. Unless otherwise stipulated by DHS, dispute, grievance and/or appeal correspondence shall be directed to the DHS program contract manager.

13. Financial and Compliance Audit Requirements

- a. The definitions used in this provision are contained in Section 38040 of the Health and Safety Code, which by this reference is made a part hereof.
- b. Direct service contract means a contract for services contained in local assistance or subvention programs or both (see Health and Safety [H&S] Code section 38020). Direct service contracts shall not include contracts, grants, or subventions to other governmental agencies or units of government nor contracts with regional centers or area agencies on aging (See H&S Code section 38030).
- c. The Contractor, as indicated below, agrees to obtain one of the following audits:
 - (1) If the Contractor is a nonprofit organization (as defined in H&S Code section 38040) and receives \$25,000 or more from any State agency under a direct service contract; the Contractor agrees to obtain an annual single, organization wide, financial and compliance audit. Said audit shall be conducted according to Generally Accepted Auditing Standards. This audit does not fulfill the audit requirements of Paragraph c(3) below. The audit shall be completed by the 15th day of the fifth month following the end of the Contractor's fiscal year, and/or
 - (2) If the Contractor is a nonprofit organization (as defined in H&S Code section 38040) and receives less than \$25,000 per year from any State agency under a direct service contract, the Contractor agrees to obtain a biennial single, organization wide financial and compliance audit, unless there is evidence of fraud or other violation of state law in connection with this agreement. This audit does not fulfill the audit requirements of Paragraph c(3) below. The audit shall be completed by the 15th day of the fifth month following the end of the Contractor's fiscal year, and/or
 - (3) If the Contractor is a State or Local Government entity or Nonprofit organization (as defined by the Federal Office of Management and Budget [OMB] Circular A-133) and expends \$300,000 or more in Federal awards, the Contractor agrees to obtain an annual single,

organization wide, financial and compliance audit according to the requirements specified in OMB Circular A-133 entitled "Audits of States, Local Governments, and Non-Profit Organizations". *The \$300,000 threshold identified in this paragraph will increase to \$500,000 for federal fiscal years ending after December 31, 2003.* An audit conducted pursuant to this provision will fulfill the audit requirements outlined in Paragraphs c(1) and c(2) above. The audit shall be completed by the end of the ninth month following the end of the audit period. The requirements of this provision apply if:

- (a) The Contractor is a recipient expending Federal awards received directly from Federal awarding agencies, or
 - (b) The Contractor is a subrecipient expending Federal awards received from a pass-through entity such as the State, County or community based organization.
- (4) If the Contractor submits to DHS a report of an audit other than an OMB A-133 audit, the Contractor must also submit a certification indicating the Contractor has not expended \$300,000 or more in federal funds for the year covered by the audit report. *The \$300,000 threshold identified in this paragraph will increase to \$500,000 for federal fiscal years ending after December 31, 2003.*
- d. Two copies of the audit report shall be delivered to the DHS program funding this agreement. The audit report must identify the Contractor's legal name and the number assigned to this agreement. The audit report shall be due within 30 days after the completion of the audit. Upon receipt of said audit report, the DHS program contract manager shall forward the audit report to DHS' Audits and Investigations Unit.
 - e. The cost of the audits described herein may be included in the funding for this agreement up to the proportionate amount this agreement represents of the Contractor's total revenue. The DHS program funding this agreement must provide advance written approval of the specific amount allowed for said audit expenses.
 - f. The State or its authorized designee, including the Bureau of State Audits, is responsible for conducting agreement performance audits which are not financial and compliance audits. Performance audits are defined by Generally Accepted Government Auditing Standards.
 - g. Nothing in this agreement limits the State's responsibility or authority to enforce State law or regulations, procedures, or reporting requirements arising thereto.
 - h. Nothing in this provision limits the authority of the State to make audits of this contract, provided however, that if independent audits arranged for by the Contractor meet Generally Accepted Governmental Auditing Standards, the State shall rely on those audits and any additional audit work and shall build upon the work already done.
 - i. The State may, at its option, direct its own auditors to perform either of the audits described above. The Contractor will be given advance written notification, if the State chooses to exercise its option to perform said audits.

14. Novation Requirements

If the Contractor proposes any novation agreement, DHS shall act upon the proposal within 60 days after receipt of the written proposal. DHS may review and consider the proposal, consult and negotiate with the Contractor, and accept or reject all or part of the proposal. Acceptance or rejection of the proposal may be made orally within the 60-day period and confirmed in writing within five days of said decision. Upon written acceptance of the proposal, DHS will initiate an amendment to this agreement to formally implement the approved proposal.

15. Payment Withholds

(Applicable only if a final report is required by this agreement. Not applicable to government entities.)

Unless waived or otherwise stipulated in this agreement, DHS may, at its discretion, withhold 10 percent (10%) of the face amount of the contract, 50 percent (50%) of the final invoice, or \$3,000 whichever is greater, until DHS receives a final report that meets the terms, conditions and/or scope of work requirements of this agreement.

16. Performance Evaluation

(Not applicable to grant agreements.)

DHS may, at its discretion, evaluate the performance of the Contractor at the conclusion of this agreement. If performance is evaluated, the evaluation shall not be a public record and shall remain on file with DHS. Negative performance evaluations may be considered by DHS prior to making future contract awards.

17. Officials Not to Benefit

No members of or delegate of Congress or the State Legislature shall be admitted to any share or part of this agreement, or to any benefit that may arise therefrom. This provision shall not be construed to extend to this agreement if made with a corporation for its general benefits.

18. Four-Digit Date Compliance

(Applicable to agreements in which Information Technology (IT) services are provided to DHS or if IT equipment is procured.)

Contractor warrants that it will provide only Four-Digit Date Compliant. Deliverables and/or services to the State. "Four Digit Date compliant" Deliverables and services can accurately process, calculate, compare, and sequence date data, including without limitation date data arising out of or relating to leap years and changes in centuries. This warranty and representation is subject to the warranty terms and conditions of this Contract and does not limit the generality of warranty obligations set forth elsewhere herein.

19. Union Organizing

(Applicable only to grant agreements.)

Grantee, by signing this agreement, hereby acknowledges the applicability of Government Code 16645 through 16649 to this agreement. Furthermore, Grantee, by signing this agreement, hereby certifies that:

- a. No state funds disbursed by this grant will be used to assist, promote or deter union organizing.
- b. Grantee shall account for state funds disbursed for a specific expenditure by this grant, to show those funds were allocated to that expenditure.
- c. Grantee shall, where state funds are not designated as described in b herein, allocate, on a pro-rata basis, all disbursements that support the grant program.
- d. If Grantee makes expenditures to assist, promote or deter union organizing, Grantee will maintain records sufficient to show that no state funds were used for those expenditures, and that Grantee shall provide those records to the Attorney General upon request.

20. Contract Uniformity (Fringe Benefit Allowability)

(Applicable only to nonprofit organizations.)

Pursuant to the provisions of Article 7 (commencing with Section 100525) of Chapter 3 of Part 1 of Division 101 of the Health and Safety Code, DHS sets forth the following policies, procedures, and guidelines regarding the reimbursement of fringe benefits.

- a. As used herein fringe benefits shall mean an employment benefit given by one's employer to an employee in addition to one's regular or normal wages or salary.
- b. As used herein, fringe benefits do not include:
 - (1) Compensation for personal services paid currently or accrued by the Contractor for services of employees rendered during the term of this agreement, which is identified as regular or normal salaries and wages, annual leave, vacation, sick leave, holidays, jury duty and/or military leave/training.
 - (2) Director's and executive committee member's fees.
 - (3) Incentive awards and/or bonus incentive pay.
 - (4) Allowances for off-site pay.
 - (5) Location allowances.
 - (6) Hardship pay.
 - (7) Cost-of-living differentials
- c. Specific allowable fringe benefits include:
 - (1) Fringe benefits in the form of employer contributions for the employer's portion of payroll taxes (i.e., FICA, SUI, SDI), employee health plans (i.e., health, dental and vision), unemployment insurance, worker's compensation insurance, and the employer's share of pension/retirement plans, provided they are granted in accordance with established written organization policies and meet all legal and Internal Revenue Service requirements.
- d. To be an allowable fringe benefit, the cost must meet the following criteria:
 - (1) Be necessary and reasonable for the performance of the agreement.
 - (2) Be determined in accordance with generally accepted accounting principles.
 - (3) Be consistent with policies that apply uniformly to all activities of the Contractor.
- e. Contractor agrees that all fringe benefits shall be at actual cost.
- f. Earned/Accrued Compensation
 - (1) Compensation for vacation, sick leave and holidays is limited to that amount earned/accrued within the agreement term. Unused vacation, sick leave and holidays earned from periods prior to the agreement term cannot be claimed as allowable costs. See Provision f (3)(a) for an example.
 - (2) For multiple year contracts, vacation and sick leave compensation, which is earned/accrued but not paid, due to employee(s) not taking time off may be carried over and claimed within the overall term of the multiple years of the agreement. Holidays cannot be carried over from one contract year to the next. See f Provision (3)(b) for an example.
 - (3) For single year agreements, vacation, sick leave and holiday compensation that is earned/accrued but not paid, due to employee(s) not taking time off within the term of the agreement, cannot be claimed as an allowable cost. See Provision f (3)(c) for an example.
 - (a) **Example No. 1:**

If an employee, John Doe, earns/accrues three weeks of vacation and twelve days of sick leave each year, then that is the maximum amount that may be claimed during a contract period of one year. If John Doe has five weeks of vacation and eighteen days of sick leave at the beginning of the agreement, the Contractor during a one-year agreement term may only claim up to three weeks of vacation and twelve days of sick leave actually used by the employee. Amounts earned/accrued in periods prior to the beginning of the agreement are not an allowable cost.

(b) Example No. 2:

If during a three-year (multiple year) agreement, John Doe does not use his three weeks of vacation in year one, or his three weeks in year two, but he does actually use nine weeks in year three; the Contractor would be allowed to claim all nine weeks paid for in year three. The total compensation over the three-year period cannot exceed 156 weeks (3 x 52 weeks).

(c) Example No. 3:

If during a single year agreement, John Doe works fifty weeks and used one week of vacation and one week of sick leave and all fifty-two weeks have been billed to DHS, the remaining unused two weeks of vacation and seven days of sick leave may not be claimed as an allowable cost.

Exhibit E
Additional Provisions

1. Contract Amendments

Should either party, during the term of this agreement, desire a change or amendment to the terms of this Agreement, such changes or amendments shall be proposed in writing to the other party, who will respond in writing as to whether the proposed changes/amendments are accepted or rejected. If accepted and after negotiations are concluded, the agreed upon changes shall be made through the State's official agreement amendment process. No amendment will be considered binding on either party until it is formally approved by the State.

2. Cancellation / Termination

- A. This agreement may be cancelled or terminated without cause by either party by giving thirty (30) calendar days advance written notice to the other party. Such notification shall state the effective date of termination or cancellation and include any final performance and/or payment/invoicing instructions/requirements.
- B. Upon receipt of a notice of termination or cancellation from DHS, Contractor shall take immediate steps to stop performance and to cancel or reduce subsequent contract costs.
- C. Contractor shall be entitled to payment for all allowable costs authorized under this agreement, including authorized non-cancelable obligations incurred up to the date of termination or cancellation, provided such expenses do not exceed the stated maximum amounts payable.

3. Avoidance of Conflicts of Interest by Contractor

- A. The Contractor agrees that all reasonable efforts will be made to ensure that no conflict of interest exists between its officers, agents, employees, consultants or members of its governing body.
- B. The Contractor shall prevent its officers, agents, employees, consultants or members of its governing body from using their positions for purposes that are, or give the appearance of being, motivated by a desire for private gain for themselves or others such as those with whom they have family, business or other ties.
- C. In the event that DHS determines that a conflict of interest situation exists, any cost associated with the conflict may constitute grounds for termination of this agreement. This provision shall not be construed to prohibit the employment of persons with whom the Contractor's officers, agents, or employees have family, business or other ties so long as the employment of such persons does not result in increased costs over those associated with the employment of any other equally qualified applicant and such persons have successfully competed for employment with other applicants on a merit basis.

4. Freeze Exemptions

- A. Contractor agrees that any hiring freeze adopted during the term of this contract shall not be applied to the positions funded, in whole or part, by this contract.
- B. Contractor agrees not to implement any personnel policy, which may adversely affect performance or the positions funded, in whole or part, by this contract.
- C. Contractor agrees that any travel freeze or travel limitation policy adopted during the term of this contract shall not restrict travel funded, in whole or part, by this contract.

Exhibit E
Additional Provisions

- D. Contractor agrees that any purchasing freeze or purchase limitation policy adopted during the term of this contract shall not restrict or limit purchases funded, in whole or part, by this contract.

Contractor's Release

Instructions to Contractor:

With final invoice(s) submit one (1) original and two (2) copies. The original must bear the original signature of a person authorized to bind the Contractor. The additional copies may bear photocopied signatures.

Submission of Final Invoice

Pursuant to contract number 04-35828 entered into between the State of California Department of Health Services (DHS) and the Contractor (identified below), the Contractor does acknowledge that final payment has been requested via invoice number(s) _____, in the amount(s) of \$ _____ and dated _____. If necessary, enter "See Attached" in the appropriate blocks and attach a list of invoice numbers, dollar amounts and invoice dates.

Release of all Obligations

By signing this form, and upon receipt of the amount specified in the invoice number(s) referenced above, the Contractor does hereby release and discharge the State, its officers, agents and employees of and from any and all liabilities, obligations, claims, and demands whatsoever arising from the above referenced contract.

Repayments Due to Audit Exceptions / Record Retention

By signing this form, Contractor acknowledges that expenses authorized for reimbursement does not guarantee final allowability of said expenses. Contractor agrees that the amount of any sustained audit exceptions resulting from any subsequent audit made after final payment, will be refunded to the State.

All expense and accounting records related to the above referenced contract must be maintained for audit purposes for no less than three years beyond the date of final payment, unless a longer term is stated in said contract.

Recycled Product Use Certification

By signing this form, Contractor certifies under penalty of perjury that a percentage (0% to 100%) of the materials, goods, supplies or products offered or used in the performance of the above referenced contract meets or exceeds the minimum percentage of recycled material, as defined in Public Contract Code Sections 12161 and 12200.

Reminder to Return State Equipment/Property (If Applicable)

(Applies only if equipment was provided by DHS or purchased with or reimbursed by contract funds)

Unless DHS has approved the continued use and possession of State equipment (as defined in the above referenced contract) for use in connection with another DHS agreement, Contractor agrees to promptly initiate arrangements to account for and return said equipment to DHS, at DHS's expense, if said equipment has not passed its useful life expectancy as defined in the above referenced contract.

Patents / Other Issues

By signing this form, Contractor further agrees, in connection with patent matters and with any claims that are not specifically released as set forth above, that it will comply with all of the provisions contained in the above referenced contract, including, but not limited to, those provisions relating to notification to the State and related to the defense or prosecution of litigation.

ONLY SIGN AND DATE THIS DOCUMENT WHEN ATTACHING TO THE FINAL INVOICE

Contractor's Legal Name (as on contract): County of Los Angeles

Signature of Contractor or Official Designee: _____ Date: _____

Printed Name/Title of Person Signing: _____